

Senate Study Bill 1190

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY
CHAIRPERSON WARNSTADT)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act increasing proof of financial responsibility and insurance
2 coverage requirements for damages resulting from motor vehicle
3 accidents.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 2170XC 82
6 av/gg/14

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1 1 Section 1. Section 321A.1, subsection 11, Code 2007, is
1 2 amended to read as follows:
1 3 11. PROOF OF FINANCIAL RESPONSIBILITY. Proof of ability
1 4 to respond in damages for liability, on account of accidents
1 5 occurring subsequent to the effective date of the proof,
1 6 arising out of the ownership, maintenance, or use of a motor
1 7 vehicle, in amounts as follows: With respect to accidents
1 8 occurring on or after January 1, 1981, and prior to January 1,
~~1 9 1983, the amount of fifteen thousand dollars because of bodily~~
~~1 10 injury to or death of one person in any one accident, and,~~
~~1 11 subject to the limit for one person, the amount of thirty~~
~~1 12 thousand dollars because of bodily injury to or death of two~~
~~1 13 or more persons in any one accident, and the amount of ten~~
~~1 14 thousand dollars because of injury to or destruction of~~
~~1 15 property of others in any one accident; and with respect to~~
~~1 16 accidents occurring on or after January 1, 1983, and prior to~~
~~1 17 January 1, 2008, the amount of twenty thousand dollars because~~
1 18 of bodily injury to or death of one person in any one
1 19 accident, and, subject to the limit for one person, the amount
1 20 of forty thousand dollars because of bodily injury to or death
1 21 of two or more persons in any one accident, and the amount of
1 22 fifteen thousand dollars because of injury to or destruction
1 23 of property of others in any one accident. With respect to
1 24 all accidents which occur on or after January 1, 2008, the
1 25 amount of forty thousand dollars because of bodily injury to
1 26 or death of one person in any one accident and, subject to the
1 27 limit for one person, eighty thousand dollars because of
1 28 bodily injury to or death of two or more persons in any one
1 29 accident, and forty thousand dollars because of injury to or
1 30 destruction of property of others in any one accident. In
1 31 addition, the minimum amount of insurance coverage required
1 32 shall be adjusted by the insurance division of the department
1 33 of commerce effective January 1, 2013, and every five years
1 34 thereafter to reflect the percentage increase in the consumer
1 35 price index that is published annually in the federal register
2 1 by the federal department of labor, bureau of labor
2 2 statistics, for the five-year period ending June 30 of the
2 3 year that the adjustment is to be made. The amount of the
2 4 adjustment shall be rounded to the nearest five thousand
2 5 dollars of coverage, with the minimum amount of coverage for
2 6 one accident being at least twice the minimum amount for one
2 7 person, and shall be published by the commissioner of
2 8 insurance no later than July 1 of the year preceding the
2 9 January 1 when the adjusted amount becomes effective.
2 10 Sec. 2. Section 321A.15, subsection 1, paragraph b,
2 11 unnumbered paragraph 1, Code 2007, is amended to read as
2 12 follows:
2 13 Judgments referred to in this chapter and rendered upon
2 14 claims arising from accidents occurring on or after January 1,
2 15 1983, and prior to January 1, 2008, shall, for the purpose of
2 16 this chapter only, be deemed satisfied when the following
2 17 occur:

2 18 Sec. 3. Section 321A.15, subsection 1, Code 2007, is
2 19 amended by adding the following new paragraph:
2 20 NEW PARAGRAPH. c. Judgments referred to in this chapter
2 21 and rendered upon claims arising from accidents occurring on
2 22 or after January 1, 2008, shall, for the purpose of this
2 23 chapter only, be deemed satisfied when the following occur:
2 24 (1) When forty thousand dollars has been credited upon any
2 25 judgment or judgments rendered in excess of that amount
2 26 because of bodily injury to or death of one person as the
2 27 result of any one accident.
2 28 (2) When, subject to the limit of forty thousand dollars
2 29 because of bodily injury to or death of one person, the sum of
2 30 eighty thousand dollars has been credited upon any judgment or
2 31 judgments rendered in excess of that amount because of bodily
2 32 injury to or death of two or more persons as the result of any
2 33 one accident.

2 34 (3) When forty thousand dollars has been credited upon any
2 35 judgment or judgments rendered in excess of that amount
3 1 because of injury to or destruction of property of others as a
3 2 result of any one accident.

3 3 Sec. 4. Section 321A.21, subsection 2, paragraph b, Code
3 4 2007, is amended to read as follows:

3 5 b. Shall insure the person named in the policy and any
3 6 other person, as insured, using the motor vehicles with the
3 7 express or implied permission of the named insured, against
3 8 loss from the liability imposed by law for damages arising out
3 9 of the ownership, maintenance, or use of the motor vehicles
3 10 within the United States of America or the Dominion of Canada,
3 11 subject to limits exclusive of interest and costs, with
3 12 respect to each such motor vehicle, as follows: With respect
3 13 to all accidents which occur on or after ~~January 1, 1981, and~~
~~3 14 before January 1, 1983, fifteen thousand dollars because of~~
~~3 15 bodily injury to or death of one person in any one accident~~
~~3 16 and, subject to said limit for one person, thirty thousand~~
~~3 17 dollars because of bodily injury to or death of two or more~~
~~3 18 persons in any one accident, and ten thousand dollars because~~
~~3 19 of injury to or destruction of property of others in any one~~
~~3 20 accident; and with respect to all accidents which occur on or~~
~~3 21 after January 1, 1983, and prior to January 1, 2008, twenty~~
3 22 thousand dollars because of bodily injury to or death of one
3 23 person in any one accident and, subject to said limit for one
3 24 person, forty thousand dollars because of bodily injury to or
3 25 death of two or more persons in any one accident, and fifteen
3 26 thousand dollars because of injury to or destruction of
3 27 property of others in any one accident and with respect to all
3 28 accidents which occur on or after January 1, 2008, forty
3 29 thousand dollars because of bodily injury to or death of one
3 30 person in any one accident and, subject to said limit for one
3 31 person, eighty thousand dollars because of bodily injury to or
3 32 death of two or more persons in any one accident, and forty
3 33 thousand dollars because of injury to or destruction of
3 34 property of others in any one accident. In addition, the
3 35 minimum amount of insurance coverage required shall be
4 1 adjusted by the insurance division of the department of
4 2 commerce effective January 1, 2013, and every five years
4 3 thereafter to reflect the percentage increase in the consumer
4 4 price index that is published annually in the federal register
4 5 by the federal department of labor, bureau of labor
4 6 statistics, for the five-year period ending June 30 of the
4 7 year that the adjustment is to be made. The amount of the
4 8 adjustment shall be rounded to the nearest five thousand
4 9 dollars of coverage with the minimum amount of coverage for
4 10 one accident being at least twice the minimum amount for one
4 11 person and shall be published by the commissioner of insurance
4 12 no later than July 1 of the year preceding the January 1 when
4 13 the adjusted amount becomes effective.

4 14 Sec. 5. Section 321A.25, subsection 1, Code 2007, is
4 15 amended to read as follows:

4 16 1. Proof of financial responsibility may be evidenced by
4 17 the statement of the treasurer of state that the person named
4 18 in the statement has filed with the treasurer of state
4 19 ~~fifty-five thousand dollars~~ the amount specified in section
4 20 321A.1, subsection 11, in the form of an endorsed certificate
4 21 of deposit made payable jointly to the person and the
4 22 treasurer of state. The certificate of deposit shall be
4 23 obtained from an Iowa financial institution in the amount ~~of~~
~~4 24 fifty-five thousand dollars specified in section 321A.1,~~
4 25 subsection 11, plus any early withdrawal penalty fee. The
4 26 treasurer of state shall promptly notify the director of
4 27 transportation of the name and address of the person to whom
4 28 the statement has been issued. Upon receipt of the

4 29 notification, the director of transportation shall issue to
4 30 the person a security insurance card for each motor vehicle
4 31 registered in this state by the person. The security
4 32 insurance card shall state the name and address of the person
4 33 and the registration number of the motor vehicle for which the
4 34 card is issued. The treasurer of state shall not accept a
4 35 certificate of deposit and issue a statement for it and the
5 1 department shall not accept the statement unless accompanied
5 2 by evidence that there are no unsatisfied judgments of any
5 3 character against the person in the county where the person
5 4 resides.

5 5 EXPLANATION

5 6 This bill increases proof of responsibility and insurance
5 7 coverage requirements for damages resulting from motor vehicle
5 8 accidents.

5 9 Code section 321A.1 is amended to increase the amount of
5 10 insurance coverage that is required to satisfy the proof of
5 11 financial responsibility requirements for motor vehicle
5 12 ownership, maintenance, and use. The bill provides that with
5 13 respect to motor vehicle accidents that occur on or after
5 14 January 1, 2008, the amount of coverage required shall not be
5 15 less than \$40,000 for bodily injury to or death of one person,
5 16 \$80,000 for bodily injury to or death of two or more persons,
5 17 and \$40,000 because of injury to or destruction of property of
5 18 others. The bill further requires the insurance division of
5 19 the department of commerce to adjust the amounts of the
5 20 required coverage on January 1, 2013, and every five years
5 21 thereafter to reflect the percentage increase in the consumer
5 22 price index as specified in the bill. Conforming amendments
5 23 are made in Code sections 321A.15 and 321A.25 to reflect these
5 24 changes.

5 25 Code section 321A.21 is amended to increase the amount of
5 26 insurance coverage that is required to be included in a motor
5 27 vehicle liability policy issued in this state to correspond
5 28 with the changes made in Code section 321A.1 concerning proof
5 29 of financial responsibility. The bill also requires the
5 30 insurance division to adjust the amounts of the required
5 31 coverage in such policies on January 1, 2013, and every five
5 32 years thereafter in the same manner.

5 33 The effect of the amendments to Code section 321A.1 is to
5 34 increase the minimum amount of coverage that must be offered
5 35 in a motor vehicle liability policy for injury or damage
6 1 resulting from an uninsured or underinsured motor vehicle

6 2 under Code section 516A.2, as provided in Code section 321A.1.

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